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## Tunisia

## GRAIN

## 2009 Grain and Feed Annual

**Approved By:**

Hassan F. Ahmed, U.S. Embassy, Tunis

**Prepared By:**

Youssef Chahed, U.S. Embassy, Tunis

**Report Highlights:**

Tunisian cereal production in MY 09 is expected to increase by nearly 25 percent over last year's crop, largely due to sufficient rainfalls and good weather conditions. U.S. wheat exports to Tunisia are projected to decline because of less price-competitiveness compared to EU and Black Sea suppliers. The GOT's decision to liberalize imports of feed wheat and barley for the private sector should help increase overall Tunisian demand for corn and thus improve the chances for increased U.S. corn exports in this market in MY09.

**Commodities:**

Wheat  
Barley  
Corn

**Production:**

Area planted with cereal crops (winter wheat and barley) in Tunisia in 2009 is estimated at about 1.355 million hectares, 905,000 HA in the northern part of the country and 450,000 HA in the central region. This year's planted area is much lower than the 1.6 million hectares that the government has planned due to shortage of rainfall during October and November 2008. The overall seeding of the cereal crops was behind schedule in most regions as farmers, especially small ones, waited for rain to start sowing. Harvested area is projected to reach 70 percent of the planted area.

Rainfall in the first part of 2009 should have a beneficial effect on the crop outlook. Precipitation from mid-March to mid-April was abundant and well distributed. Yields are therefore expected to be higher than those reported last year, despite numerous expected outbreaks of Septoriosi, which are becoming a serious issue due to the combined effect of excess moisture and high temperatures. In the northern governorates, efforts are currently underway to eradicate weeds, often the cause of crop pests, through intensive air-assisted spraying of crops. Harvesting is expected to be at later dates than usual due to the delay in the planting season.

The total production of the 2008 cereal crop (completed June-August period) was officially estimated at about 1.19 million MT, down by about 40 percent from the crop harvested in 2007. The decline in cereal production in 2008 to a level below the average crop of the last five years was mostly due to drought conditions and the lack of rainfall during December-March period. It should be noted that post has revised the 2007 total cereal production down to 1.4 million MT based on recently updated estimates from the Tunisian Ministry of Agriculture.

The 2008 cereal plantings (durum wheat, soft wheat, and barley) totaled to about 1.33 million hectares. Around 40 percent of the country's cereals acreage was damaged by poor weather conditions in central, southern, and parts of northern Tunisia. The northern region represented 75 percent of the area harvested and contributed about 90 percent of total production. The average yield for cereal crop was estimated officially at 1.49 MT/hectare, compared to an average yield of 1.6 MT/HA reported for the previous season.

The break down of cereal production in 2008 by type of cereal and region was as follows:

<b>Production,1000 MT</b>	<b>North</b>	<b>Center and South</b>	<b>Total</b>
Durum Wheat	678	52	730
Soft Wheat	186	4	190
Barley	197	73	270
Total	1061	129	1190

Source: Tunisian Ministry of Agriculture.

For the 2009 cereal crop, total production is forecasted to be 1.51 million MT. Although overall planted area is close to the area reported last year, much better yields and larger production could result in a 25 percent increase this year.

### **Wheat Production**

The total production for the MY 2009/10 wheat crop is tentatively estimated at 1.1 million MT, about 20 percent higher than the previous year. Durum wheat represents almost 80 percent of total production, while soft wheat accounts for the remainder. Despite limited predictable losses due to fungus outbreaks, the average yields for both durum and soft wheat are expected to be higher than those recorded last year on account of better moisture conditions.

### **Barley Production**

Barley production for 2008 is estimated at 270,000 MT, down from 350,000 MT. This is a revision by post based on more reliable data recently obtained from the Tunisian Ministry of Agriculture. For the 2009 barley crop, it is reported that the central part of the country has received adequate rainfall and that production is expected to reach 400,000 MT, thus indicating improved yields.

### **Consumption:**

Tunisia is the biggest per capita consumer of wheat in the North African region, estimated at 258kg per year. Additional consumption is driven by over two million tourists coming each year from Algeria and Libya that have similarly high demand for wheat-based food products. In 2008, overall wheat consumption amounted to 2.73 million MT. It is projected that this level of high wheat consumption will remain stable for the next few years. It must be noted that post has maintained the total wheat consumption estimate of 2.7 million MT, compared to a much higher estimate of 3.1 million MT reported by some industry analysts.

Soft wheat for flour production accounts for roughly 40 percent of the total wheat utilized by the milling industry, while durum wheat used for semolina, pasta and couscous

represents the balance. Total wheat for food consumption this year was estimated at 2.55 million MT, while about 150,000 MT were used for seeding purposes.

Barley is normally fed to cattle in Tunisia to compensate for the shortage of green forage, while corn is usually incorporated into ruminant feed and also used as an ingredient in compounded feed for poultry. In MY 2008/09, barley consumption was estimated at 950,000 MT while corn consumption was estimated at about 700,000 MT. In August 2008, the government of Tunisia (GOT) announced that it would no longer control and subsidize the import of barely and feed wheat ending with a system that create a lot of abuse by feed millers. Operators from the private sector will than be authorized to import fodder barely and wheat at international prices. As a result, corn consumption should increase in the coming period and partially replace the more expensive feed barely. For most of Tunisian livestock producers, the transition from barely based feed rations to a corn based feed rations could take a few years. For MY 2009/10, barley consumption is forecast to decline to 800,000 MT, while corn usage is forecast to rise to 750,000 MT.

### **Trade:**

MY 2008/09 wheat imports are projected to reach 1.6 million MT, nearly 11 percent lower than the quantity imported in the previous marketing year. The bulk of wheat shipments consisted of soft wheat, a commodity of which Tunisia has a structural deficit of regardless of the size of the local harvest. MY 2009/10 wheat import is forecasted as the same level than the previous year.

In CY 2008, European countries (France and Italy) and Black Sea countries (Ukraine and Russia) provided the bulk of wheat exports to Tunisia. The U.S market share amounted to 9 percent and consisted primarily of durum wheat for which there is less competition from nearby exporting countries. In the past few years, Tunisian wheat imports have become more price-driven and less emphasis has been given to quality attributes. For 2009, U.S wheat exports to Tunisia are projected to decline as U.S. suppliers are becoming less price competitive than EU and Black Sea exporters. Private sector milling operators have often complained about the low quality of imported wheat that has been forced on them by the state purchasing monopoly 'Office des Cereales'. Despite these concerns, however, there is no expectation of any imminent change regarding the liberalization of soft and durum wheat imports.

MY 2008/09 barley imports are estimated to be 609,000 MT, down from 787,000 MT reported in the previous marketing year, mostly due to weaker demand. For MY 2009/10, barley imports are forecast at about 300,000 MT reflecting a higher local barley production (up 48 percent) as well as a significant reduction in demand due to improved pasture conditions in the country. The government's decision to turn barely and feed wheat trade to the private sector, ending with a governmental preferential program for barely imports, is seen as an indicator that barely imports would decline in 2009 as barley becomes relatively more expensive as animal feed than corn or sorghum. The transition by the

livestock producers from barely feeding to corn, sorghum or corn by-product feeding, however, may take time as the producers adjust their feed formulas to market price dynamics. The government decision to liberalize barley trade should have a very minimal impact on the limited amount of U.S. barely exports but may increase opportunity for a rise in corn exports to Tunisia.

For corn, the GOT's decision is expected to increase imports by 200,000 MT in the next few years. For MY 2008/09, total corn imports are estimated at 690,000 MT, almost unchanged from the total quantity imported in the previous marketing year. The expectation of increased corn imports in MY 2008 did not materialize due to the GOT's decision to utilize barley stock before authorizing private firms to import corn. The full impact of the GOT's decision to liberalize feed wheat and barely trade will be realized in MY 09/10, when it is forecasted that total corn imports could increase to 890,000 MT, about 30 percent higher than imports in MY 08/09.

The U.S. share of Tunisia's corn import market declined in CY 2008 to 40 percent, down from about 75 percent in the previous two years. Argentina and Eastern European suppliers (Ukraine and Hungary) have been gaining ground on U.S. exporters that dominated the market in the past few years. Price-competitiveness and shorter shipping time from Europe combined with the possibility of consolidated shipments were among the reasons for the decline in corn imports from the U.S. For MY 09/10, U.S corn exports to Tunisia are projected to slightly rise, as overall Tunisian corn imports are expected to increase, with U.S. market share projected to remain at around 40 percent. There were no U.S corn shipments in the first 3 months of 2009.

#### **U.S Corn Exports to Tunisia**

<b>Items</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
U.S. Exports (1,000MT)	440	458	299
U.S. Market share	75%	74%	40%

Source: Tunisian Ministry of Agriculture.

#### **Policy:**

1. *Domestic policy:* In 2008 Tunisia set up a strategy to significantly increase its cereals production during the period 2009-2013. GOT goal is to reach a total production of 2.7 millions tons which is considered necessary to achieve self-sufficiency. To this end, it was decided:

- To raise the total acreage dedicated to irrigated wheat from 80,000 HA today to 120,000 HA with a goal of producing 6 millions tons by 2011.

- To increase the use of selected seeds to reach 450,000 quintals in 2011 (compared to 270,000 at present) and to develop technical exchange programs and partnerships with countries and research organization concerned with cereals such as ICARDA. Others measures have concerned the feed sector where Tunisia presently covers only 30 percent of its needs.
- To maintain the farm-gate price for wheat and barley at a relatively high level so as to encourage cereals production. Current farm-gate prices stand at:
  - 550 TD/MT for durum (equivalent to nearly \$ 451/MT)
  - 450 TD/MT for soft wheat (equivalent to nearly \$ 369/MT)
  - 400 TD/MT for Barley (equivalent to \$328/MT)

2. *Trade policy*: The GOT controls imports of most grains into the country, issuing tenders to international traders specifying size and quality of shipments. Following the liberalization of importation of corn in 2007, the GOT has decided to transfer the importation of feed barely and wheat to the private sector operators. This decision will likely increase corn, sorghum and less expensive feed ingredient imports at the expense of barely to corn. As a consequence, U.S corn exports to Tunisia could potentially increase in the next few years.

### Production, Supply and Demand Data Statistics:

Wheat Tunisia	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Jul 2007		Market Year Begin: Jul 2008		Market Year Begin: Jul 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Area Harvested	847	798	780	785		824
Beginning Stocks	890	890	1,497	1,040		819

Production	1,235	1,050	1,250	920	1,110
MY Imports	2,372	1,800	1,800	1,600	1,690
TY Imports	2,372	1,730	1,800	1,900	1,990
TY Imp. from U.S.	157	143	0	174	100
Total Supply	4,497	3,740	4,547	3,560	3,619
MY Exports	100	0	100	11	15
TY Exports	100	0	100	11	15
Feed Consumption	0	0	0	0	0
FSI Consumption	2,900	2,700	2,900	2,730	2,760
Total Consumption	2,900	2,700	2,900	2,730	2,760
Ending Stocks	1,497	1,040	1,547	819	844
Total Distribution	4,497	3,740	4,547	3,560	3,619
Yield	1.	1.3158	2.	1.172	1.3471
TS=TD		0		0	0
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<b>Wheat Import Trade Matrix, Tunisia (1,000 MT)</b>		
<b>Country</b>	<b>CY 2007</b>	<b>CY 2008</b>
U.S.	143	174
<b>Others</b>		
France	87	170
Italy	63	266
Russia	571	341
Kazakhstan	150	119
Ukraine	131	297
Spain	49	53
Canada	126	42
Syria	153	25
Total for Others	1330	1313
Others not Listed	257	413
<b>Grand Total</b>	<b>1730</b>	<b>1900</b>

Barley Tunisia	2007	2008	2009
	2007/2008	2008/2009	2009/2010
	Market Year Begin: Jul 2007	Market Year Begin: Jul 2008	Market Year Begin: Jul 2009

	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Area Harvested	435	535	410	570		598
Beginning Stocks	150	150	135	237		166
Production	535	350	350	270		400
MY Imports	500	787	700	609		300
TY Imports	500	787	700	509		300
TY Imp. from U.S.	0	22	0	0		0
Total Supply	1,185	1,287	1,185	1,116		866
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed Consumption	1,000	1,000	1,000	900		750
FSI Consumption	50	50	50	50		50
Total Consumption	1,050	1,050	1,050	950		800
Ending Stocks	135	237	135	166		66
Total Distribution	1,185	1,287	1,185	1,116		866
Yield	1.	0.6542	1.	0.4737		0.6689
TS=TD		0		0		0
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<b>Barley Import Trade Matrix, Tunisia (1,000 MT)</b>		
<b>Country</b>	<b>CY 2007</b>	<b>CY 2008</b>
U.S.	22	0
<b>Others</b>		
Ukraine	0	91
Spain	81	17
Russia	197	120
France	99	109
UK	36	0
Holland		
Germany	121	2
Total for Others	534	339
Others not Listed	231	170
<b>Grand Total</b>	<b>787</b>	<b>509</b>

Com Tunisia	2007	2008	2009
	2007/2008	2008/2009	2009/2010
	Market Year Begin: Jul 2007	Market Year Begin: Jul 2008	Market Year Begin: Jul

					2009		
	Annual Data Displayed		New Post		Annual Data Displayed		Jan
		Data		Data			Data
Area Harvested	1	0	1	0			0
Beginning Stocks	73	73	74	105			94
Production	1	0	1	0			0
MY Imports	850	685	700	690			890
TY Imports	900	618	700	749			849
TY Imp. from U.S.	498	459	0	299			373
Total Supply	924	758	775	795			984
MY Exports	0	3	0	1			1
TY Exports	0	3	0	1			1
Feed Consumption	850	650	700	700			750
FSI Consumption	0	0	0	0			0
Total Consumption	850	650	700	700			750
Ending Stocks	74	105	75	94			233
Total Distribution	924	758	775	795			984
Yield	1.	0.	1.	0.			0.
TS=TD		0		0			0
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<b>Corn Import Trade Matrix, Tunisia (1000 MT)</b>		
<b>Country</b>	<b>CY 2007</b>	<b>CY 2008</b>
U.S.	459	299
<b>Others</b>		
Argentina	154	253
Ukraine	0	60
Romania	0	29
Brazil	0	0
Bulgaria	0	49
Total for Others	154	391
Others not Listed	5	59
<b>Grand Total</b>	<b>618</b>	<b>749</b>